

Rio Grande Sun

Talking Points

McHard Accounting Consulting, LLC dated August 9, 2016 states:

1. Jemez Mountains Electric Cooperative, Inc. is a cooperative **non-profit** membership corporation.
2. Cooperative Members are owners with vested property and ownership rights.
3. Board of Trustees are elected by the Membership and owes a fiduciary duty to the Members.
4. Trustees are obligated to manage the Cooperative in the best interest of the Members.
5. The Treasurer (**Johnny Jaramillo**) is charged with responsibility for the custody and control of JMEC funds and property, and is ultimately responsible for all funds and securities of the Cooperative.
6. The opinion made by McHard Accounting Consulting, LLC on Page 4 (Statement Regarding Allegations of Fraud). An opinion should not have been rendered regarding the guilt or innocence of the involved parties. **The issue of fraud is a decision reserved for judge and/or jury after a full review.** *(See Association of Certified Fraud Examiners - Professional Standards for Certified Fraud Examiners, Section 4.3 dealing with "Opinions.")*
7. JMEC is a recipient of **federal loans and funding**, would likely be required to fully investigate and self-report all findings regarding any improper payments or reimbursements.
 - a. Richard Rochester email dated October 27, 2016: Copied the following USDA/RUS Executives:
 - i. Brandon McBride, Administrator, Rural Utilities Service
 - ii. Terry Brunner, State Director of New Mexico
 - iii. Larry McGraw, Electric General Field Representative

JMEC Board of Trustees - (JMEC Board Meeting in September 2016) (JMEC also continues to fail publishing minutes on the website.)

1. The Board of Trustees have **approved** countless findings, after the fact, in the forensic audit report to provide the appearance that there was no wrong doing and to remove them from any liability.

2. The Board of Trustees also approved a motion **not to mandate** reimbursement of the findings in the forensic audit report but allow each Board of Trustee to use their own discretion for reimbursement.

John Tapia, Board of Trustees, District 6

1. Since the McHard Accounting Consulting, LLC Report dated August 9, 2016 was published in the JMEC website his attendance has been **marginal**.
2. The findings indicate John Tapia owes more than \$42K. Does not include mileage or credit card charges.
3. About the McHard Report stating that a member accused the Board of Trustees of **"deliberately committing fraud"** regarding Trustee expenses and vouchers; fraud, as alleged by the member, would involve the use of a Trustee's position for inappropriate personal enrichment through the deliberate misuse or misapplication of JMEC's resources or assets. McHard states, the allegation is regarding the intentional manipulation of vouchers to benefit the Trustee and deceive others. **Intent** is a mind-set and involves a conscious awareness that the acts being undertaken are done with the deliberate and purposeful determination of deceiving others, while benefiting themselves."

Several Examples of INTENT:

- a. Mileage on the vouchers showed 84 miles one way from Los Alamos (Not within District) and an additional 84 miles return. Map Quest indicates 23.7 miles one way from Los Alamos to JMEC (Hernandez).
- b. Carpooled with Board of Trustees or General Manager to/from meetings and charged mileage for himself. For example:
 - i. 12/31/2014 – Site Visit to Kit Carson w/JMEC General Manager.
- c. Was on vacation w/family in Arizona on April 9, 2014 for "Spring Break" and had JMEC fly him from Arizona to Albuquerque to attend a NMPRC meeting in Santa Fe. Rental car and to/from Airfare from Arizona included. General Manager and other Board of Trustees attended the NMPRC Meeting.
- d. Board of Trustee meetings were frequently conducted with "No Requirements" for minutes and/or recordings.

- e. Special Board Meeting Minutes on March 13, 2015: John Tapia states, "Today he, Mr. Sanchez and Mr. Charles Garcia will meet with Ms. Sydney Beadles (NMPRC) and Milo Chavez (NMPRC) to make sure we are handling the Rate Reconciliation correctly."
 - i. The Special Board Meeting was held at JMEC in Hernandez which began at 10:04 am and adjourned at 11:00 am per the JMEC minutes.
 - ii. John Tapia did NOT report the Special Board Meeting held in Hernandez conducted in the morning of March 13, 2015 in his voucher. ***(JMEC provides compensation for only (1) meeting per day.)***
 - iii. His voucher claimed the NMPRC Meeting and mileage traveling from Los Alamos to the NMPRC and returning to Los Alamos.
 - iv. He carpooled with JMEC General Manager from JMEC in Hernandez after the Special Meeting to the NMPRC in Santa Fe and back to JMEC in Hernandez on March 13, 2015.
- f. Improperly reimbursed \$150 for each tele-conference (approximately 37) frequently conducted during LANL work time.
- g. Improperly reimbursed \$150 for each lobbying activities he allegedly conducted.
- h. Improperly reimbursed \$150 for each purported preparation of letters, drafting policies, work on report, notes, prep-work etc. Work was frequently completed by other individuals for John Tapia and would claim as his own work.

JMEC Bylaws

SECTION 5. Removal of Trustees by Members.

Any member may bring charges against a trustee of his district and, by filing with the Secretary such charges in writing together with a petition signed by at least ten per centum of the members of the trustee's district, may request the removal of such trustee by reason thereof. Such trustee shall be informed in writing of the charges at least ten days prior to the district meeting of the members at which the charges against him are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall

have the same opportunity. If a majority vote for removal, a quorum being present, the term of the trustee and voting delegate shall thereupon expire, and the vacancy in the office of trustee thereby created shall be filled by the remaining voting delegates for the unexpired term. Any such charges duly filed shall be submitted to the vote of the members of the district within 45 days from the date of filing, unless the next district meeting falls within 90 days from the date of filing in which case the charges shall be considered at the next district meeting.

DIFFICULTY: *Quorum required for removal and lack of effort to update Bylaws.*

JMEC Policies

1. **Board of Trustees Code of Conduct**, Policy No. 102
2. This policy speaks for itself. It is clear and needs no further explanation.